

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

LOUISVILLE GAS AND ELECTRIC COMPANY)
)
_____) CASE NO. 94-242
)
ALLEGED FAILURE TO COMPLY WITH COMMISSION)
REGULATIONS)

SHOW CAUSE ORDER

Louisville Gas and Electric Company ("LG&E"), a Kentucky corporation engaged in the distribution, sale, and furnishing of natural gas to or for the public, for compensation, for light, heat, power or other uses, is a utility under the jurisdiction of the Commission pursuant to KRS 278.010(3)(b).

KRS 278.040(3) authorizes the Commission to promulgate reasonable regulations to implement the provisions of KRS Chapter 278 and to investigate the methods and practices of utilities. Pursuant to this authority, the Commission promulgated 807 KAR 5:027, Section 3(1)(f), which requires a utility to provide telephonic notice to the Commission no later than two hours following discovery of an incident that causes the loss of a sizeable amount of gas. In addition, the Commission has promulgated 807 KAR 5:022, Section 13(11)(a)(6), which prohibits any person from operating a pipeline at a pressure that exceeds the maximum safe pressure as determined by the operator; 807 KAR 5:006, Section 24(1) and 807 KAR 5:022, Section 1(7)(c), which require the

adoption and execution of a safety plan and an operating and maintenance plan, respectively; and 807 KAR 5:023, Section 5(2), which requires each employee whose performance was a contributing factor to an accident be administered a drug test within 32 hours.

Commission Staff prepared a March 30, 1994 Incident Report, attached hereto as Appendix A, which alleges that:

1. On January 8, 1994, a pilot supply restricter froze on a regulator that supplies the LG&E gas distribution system serving Hodgenville, Kentucky. The regulator, which was set at 20 psig, is fed from an LG&E transmission line with a pressure of 270 psig. The excess pressure at the regulator activated a relief valve, maintaining the outlet pressure at 34 psig.

2. The safety equipment at the regulator station operated properly by venting a sizeable amount of gas to the atmosphere for almost 9 1/2 hours to reduce the line pressure. An LG&E employee then arrived at the station and shut off a valve upstream from the relief valve, stopping the venting of the gas and overpressurizing the distribution system. The employee then misread the pressure chart and thought that the system was operating at the proper pressure.

3. The LG&E employee displayed a lack of knowledge to properly handle a situation involving the measurement equipment at this regulator station. The employee's action appears to violate LG&E's Emergency Plan, Section 4.1.5, which restricts the operation of a gas valve to personnel trained and qualified to diagnose and correct the problem.

4. Qualified LG&E regulation and measurement technicians were then dispatched from Louisville to the Hodgenville station. Upon their arrival, the pressure in the distribution system was determined to be in excess of 80 psig although the maximum allowable operating pressure is only 20 psig. The upstream valve was then reopened to reduce the pressure to 20 psig and the failed regulator was immediately repaired. Leak complaints were investigated and the entire distribution system was then surveyed for leaks.

Based on a review of the Incident Report, and being advised, the Commission finds that a prima facie case has been made that LG&E committed the following violations of Commission regulations:

1. Failing to telephonically notify the Commission within two hours of an incident that causes the loss of a sizeable amount of gas in violation of 807 KAR 5:027, Section 3(1)(f).

2. Operating a pipeline at a pressure that exceeds the maximum safe pressure as determined by the operator in violation of 807 KAR 5:022, Section 13(11)(a)(6).

3. Allowing a gas valve to be operated by an employee who lacks the knowledge to properly handle the situation in violation of LG&E's Emergency Plan, Section 4.1.5 and 807 KAR 5:006, Section 24(1) and 807 KAR 5:022, Section 1(7)(c); and

4. Failing to administer a drug test within 32 hours to an employee whose performance was a contributing factor to an accident in violation of 807 KAR 5:023, Section 5(2).

The Commission, on its own motion, HEREBY ORDERS that:

1. LG&E shall appear at a hearing on July 19, 1994, at 10:00 a.m., Eastern Daylight Time, in Hearing Room 1 of the Commission's offices, 730 Schenkel Lane, Frankfort, Kentucky, to show cause why it should not be subject to the penalties prescribed in KRS 278.990 for the probable violations of Commission regulations as set forth in the findings above.

2. LG&E shall file within 14 days of the date of this Order a written response to the probable violations noted herein.

3. Any request for an informal conference shall be filed by motion no later than the due date of the written response.

4. The Incident Report, attached hereto as Appendix A, shall be made a part of the record in this case.

Done at Frankfort, Kentucky, this 23rd day of June, 1994.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION
IN CASE NO. 94- 242 DATED June 23, 1994.

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

INCIDENT REPORT

Louisville Gas and Electric Company
Hodgenville, Kentucky

March 30, 1994

BRIEF

On January 8, 1994, the Louisville Gas and Electric Company (LG&E) natural gas system in Hodgenville, Kentucky, was over-pressurized as a result of improper action by an LG&E employee. The excessive pressure in the distribution system created a potentially hazardous condition for approximately 1,100 customers. This situation continued for approximately 3 hours until two LG&E gas measurement and regulation technicians arrived at the site and reduced the pressure to a safe operating level. LG&E personnel then conducted a leak survey, beginning at hospitals, schools, and public buildings. During the course of this incident, LG&E committed four probable violations of Commission regulations.

INSPECTION

On January 11, 1994, I met with Shawn Huffman, LG&E Engineer; and Mike Biggers, LG&E Measurement and Regulation Supervisor; at the Hodgenville regulator station to investigate this incident.

LG&E telephonically notified the Commission on Monday, January 10, 1994 at 9:12 a.m. that the Hodgenville gas distribution system had been overpressured and subsequently returned to normal operating pressures.

The Hodgenville station is located in a remote area at the intersection of Kentucky Highways 357 and 222. The station

consists of three regulator runs, two of which were in service before the overpressuring occurred. It appears that a pilot supply restrictor to a Mooney regulator froze up, allowing an excessive amount of gas to pass into the system. The regulators were set at 20 psig. When the pressure increased, the relief valve activated, holding the outlet pressure at 34 psig. LG&E's transmission line feeding the station was operating at 270 psig.

According to the pressure chart, the relief valve vented a sizeable amount of gas to reduce the excessive pressure almost 9 1/2 hours until an LG&E employee arrived at the station. The safety equipment at the station was working properly. The employee saw the escaping gas and reacted by shutting off the valve upstream of the relief valve. This stopped the release of gas to the atmosphere; however, it increased the pressure of gas entering the distribution system. The employee then misread the pressure chart, thinking that the proper gas pressure was entering the system. In taking this action, the employee displayed a lack of knowledge to properly handle a situation involving the measurement equipment at this station. This action is in violation of LG&E's Emergency Plan, Section 4.1.5 which states:

Only personnel trained and qualified to diagnose and correct the problem shall make any attempt at bringing the situation under control. Operation of an incorrect valve could cause a serious and dangerous overpressure situation in a distribution system.

Qualified LG&E regulation and measurement technicians were dispatched from Louisville to the Hodgenville station. The time

frame of this activity was a little over 3 hours due to travel time and picking up a truck and equipment. During the 3 hours, pressure continued to build up within the distribution system. As soon as the technicians arrived, they put an 80 lb. gauge on the system and found that it pegged at 80 psig, which is above the maximum allowable operating pressure (MAOP) of 20 psig. The valve upstream of the relief was then re-opened, and gas pressure was released to the atmosphere to bring the pressure back down to the normal operating pressure. The regulator that had failed was immediately repaired, and the station was operating properly by 10 p.m.

Leak complaints throughout the distribution system were being investigated. LG&E leak crews were called in that night to survey hospitals, schools and public buildings. Then starting early Sunday morning, January 9, 1994, crews began leak surveying the entire Hodgenville distribution system which consists of 110,992 feet of pipe and approximately 1,100 service lines. A total of 87 leaks were detected. Of this total, 20 were Class 1 leaks that were repaired immediately or shut off at the curb valve.

FINDINGS

The following probable violations were found while investigating this incident:


1. LG&E failed to telephonically notify this Commission of the incident within 2 hours of discovery as required by 807 KAR 5:027, Section 3(1)(f).

2. LG&E operated the Hodgenville distribution system at a pressure that exceeded the MAOP established by 807 KAR 5:022, Section 13(11)(a)(6).
3. LG&E did not execute its Emergency Plan, Section 4.5.1., as required by 807 KAR 5:006, Section 24(1), and 807 KAR 5:022, Section 1(7)(c).
4. LG&E failed to drug test within 32 hours the employee involved in this incident as required by 807 KAR 5:023, Section 5(2).

RECOMMENDATIONS

It is recommended that the Commission take those actions it deems appropriate with LG&E for its activities involving this incident.

Respectfully submitted,


Jeffrey M. Schroeder,
Utility Investigator

LLA
Els

JMS/ml1
9401300